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APRIL/MAY 2019

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PLUS:

**Building Competencies
vs. Gaining Knowledge**

**Is This the Key to
Successfully Procuring
Emerging Technologies?**

What's on Your Agenda?

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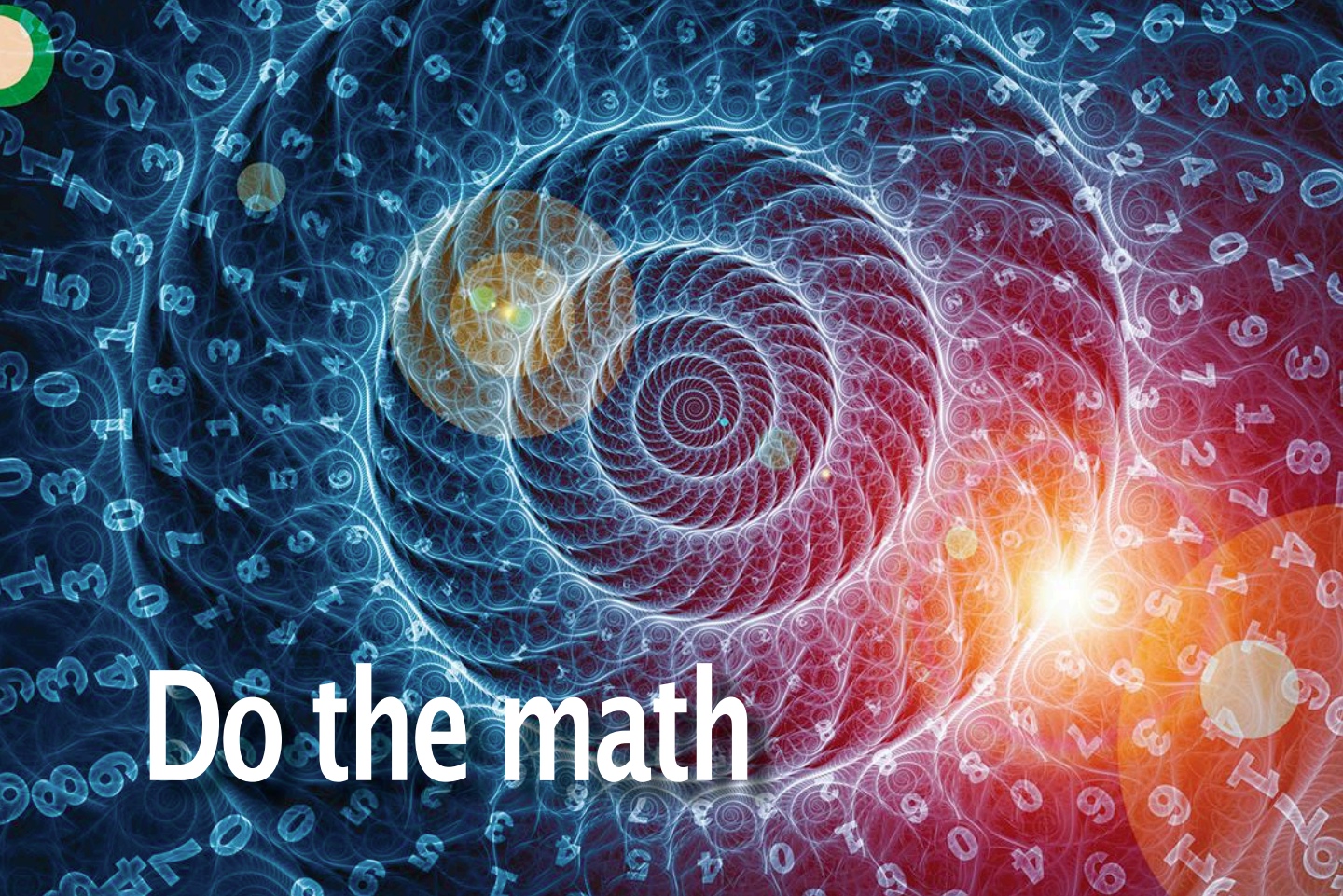
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PROCUREMENT PONDERABLE

An Arts Quandry

Stephen Gordon, PhD, CPPO, FNIGP

You are the director of procurement for the City of Aardvark, a medium-sized municipality located 850 miles south/southeast of the geographic center of North America. Three weeks prior to the end of the current fiscal year, the city council executed a joint powers agreement with the Aardvark Fine Arts Commission, a separate political body, which decreed that the city procurement agency you direct will assume responsibility at the beginning of the new fiscal year for all of the commission's purchases of goods, services, and construction. Today is the day after the joint powers agreement was executed.

The programs of the Fine Arts Commission, which has its own procurement staff, are universally viewed as community treasures. The citizens of Aardvark love to attend the performances of the commission's all-volunteer orchestra as well as the plays presented by local producers and actors. The commission's art gallery draws big crowds year-round, and the programs the commission supports in the local schools are very popular. Sadly, the Fine Arts Commission has been drowning in red ink for the past decade. Subsidies by the city have been keeping it afloat.

An external audit completed six months blamed the hemorrhaging on the commission's procurement staff, observing based on scant supporting data, that this staff falls far short of achieving best value for the large amount of procurement dollars they spend - either in terms of prices paid or total cost of ownership. You were not invited to participate in the process that led to the decision to place the commission's procurement function and staff under your direction; nor did you have a voice in the timing. The director of the commission's procurement agency is beyond angry. She will not reply to your email messages or texts or answer or return your phone calls.

Neither the director of the commission's procurement agency nor her five subordinates are members of the local NIGP chapter, nor do the six of them hold any professional certifications in procurement. All of them began work with the fine arts commission as volunteers.

So, what steps do you need to take - immediately, short-term, and over the long-term? If you would like to share your steps with me, please email them to me at StephenBGordon@gmail.com. Be sure to include the assumptions you made as you laid out the steps. Your response should not exceed more than one page. (The memorandum of understanding is not going to be "un-executed", so don't go down that path.)

STEPHEN GORDON has served in the public procurement arena for more than four decades. Now retired, Steve serves part-time as an instructor and consultant for NIGP. In addition, he volunteers in a call-center program that serves individuals who struggle with depression and loneliness.

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Building Competencies vs. Gaining Knowledge

By Fareshta Khelifi Touhami

> **T**he public procurement landscape is undergoing dramatic changes. Major disruptions driven by technological advancements have driven monumental shifts in how we conduct our lives, our relationships to our jobs and the approaches we take to learning and development. Are we doing enough to effectively develop public procurement professionals to meet these challenges and thrive in this new fast-paced and technology-driven world? That's a question the NIGP leadership has been grappling with for the past several years.

In August 2018, NIGP partnered with the Public Spend Forum (PSF) to develop the Public Procurement Competency Framework (PPCF) which is rooted in a 2016 report published by the Volcker Alliance – “Doing the People’s Business: Key

The new Public Procurement Competency Framework offers a more holistic approach designed to bring out each learner’s full potential. In competency-based learning, the focus is not just simply on the what, but also on the how, setting learners up for maximum impact on their roles and setting them up for long-term success.

The PPCF will serve as a comprehensive, universal guide for professional development in public procurement. NIGP CEO Rick Grimm explains, “The Public Procurement Competency Framework enables professionals to create their own highly individualized learning pathways based on what is critical for their development at different stages of their careers.”

The new Public Procurement Competency Framework consists of 33 competencies formed across seven pillars:

- > Strategy
- > Policy and Legislation
- > Planning and Analysis
- > Sourcing and Solicitation
- > Contract Execution
- > Leadership
- > Business Principles

Each competency focuses on a specific subject matter and will be taught in a modular fashion using a variety of learning tactics from self-paced online courses to group assignments, case studies, videos, and experiential activities. Upon completion of each competency module, learners will receive a Competency Badge to signify mastery of the materials.

The PPCF gives professionals the ultimate flexibility to design their learning with the option to pick and choose which competencies to focus on at different stages of their careers. Learning plans can be tailored to focus on what is needed for success in a current role, or to develop strategic professional development plans based on future career aspirations.

The Public Procurement Competency Framework provides enormous opportunities to strengthen the public procurement professionals and will have a lasting impact on the profession.



Competencies for Effective Public Procurement” which reflects research produced by the PSF.

For more than 70 years, NIGP has been at the forefront of advancing excellence in public procurement. As a member-driven organization, our members’ professional success is mission critical. With that in mind, the PPCF was developed to better meet members’ needs and ensure they have the critical training and professional development to thrive in their careers now, and in the years to come.

This innovative approach to public procurement training and development serves to shift our approach by focusing on developing the critical competencies needed to be sought-after public procurement all-stars. Competency development requires that we provide learners the right knowledge and skills while also guiding them to demonstrate effective behaviors to showcase competence in a focused area of procurement.

FARESHTA KHELIFI Touhami is the
Director of Marketing at NIGP

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IS THIS THE KEY TO SUCCESSFULLY PROCURING EMERGING TECHNOLOGIES?

By Jean Clark

The pressure to procure modern IT solutions is intense, especially within state governments. Constituents are demanding more digital services and agencies need technology systems that will enable them to keep pace with the growth of their jurisdictions and business operations, but it is proving difficult to procure emerging technologies such as cloud-based systems, security platforms, blockchain and artificial intelligence (AI) solutions using legacy – sometimes even manual – procurement processes. Therefore, agencies are under even more pressure to develop innovative IT procurement processes – or embrace what others

are pioneering. So much so that IT procurement modernization made the NASPO 2019 Priority list.

Given that many agencies are just now starting to implement eProcurement systems, it may seem premature to overhaul processes in such a significant way. Perhaps even disruptive. However, now is the perfect time to re-evaluate – and re-engineer, if necessary – your procurement processes and procedures.

MODERNIZING IT PROCUREMENT

In general, government procurement professionals like to rely on data and standards to dictate actions



and inform decisions. Though we use crowd-source insights related to best practices and lessons learned, we often defer to well-defined (and sometimes very old) regulatory and process guidelines when developing an RFP, determining evaluation criteria, making an award and even managing contracts. Remember, however, what worked five years ago, or even five months ago, may not be “best practice” today. Or that the solicitation and evaluation framework used for the last IT-related procurement may not be well-suited for the next procurement. Though each government’s mission remains fairly constant, perhaps changing slightly as leadership changes, the fact is that the procurement strategies we utilize to support those missions must become more fluid. The technology you are buying is rapidly evolving; so, you must rapidly evolve your buying approach.

For example, it is critical to adapt your solicitation, evaluation and contract award processes. Conducting market research solely online as you might do for a simple commodity purchase will limit your ability

“Agencies are under even more pressure to develop innovative IT procurement processes – or embrace what others are pioneering”

to effectively understand the potential resource requirements, capabilities, costs and return on investment for emerging technology systems. It is nearly impossible to compare IT hardware, software or services apples-to-apples, and it is insufficient to use a paper-based criteria list alone to ensure a company can check all the boxes for your customer. Technology is complex. That means that the procurement process will become more so too. But you can take steps to simplify, if you’re willing to abandon rigid “one-size-fits-all” type procedures and adopt a more flexible procurement framework.

Evolving the Procurement Process to Effectively Procure Emerging Technologies

Without a doubt, investing in a best-of-breed eProcurement (ePro) platform or moving to a hybrid ePro-ERP system that is designed specifically to support public sector requirements is the first step to improving IT procurement capabilities. It is going to be all but impossible to buy technology without the quality and volume of data or the workflow-specific tools that only a modern eProcurement system can provide. However, it is not the only step you must take to increase your IT procurement competency. (Though, procuring an eProcurement system will give you visibility into, and experience with, the agile process that you will need to leverage for other IT projects.)

The truth is that you will need to collaboratively complete each of the following steps with your internal customers and, often, with the industry experts that will be vying for the contract to effectively identify the right solution and the right partner:

STEP 1 - EMBRACE CURRENT CHALLENGES AND DEFINE FUTURE GOALS

Ask your customers to develop a detailed brief that helps your procurement team understand what triggered this solicitation request. Why does your agency (or government) feel the need to invest in a new technology solution right now? Is the existing

architecture just outdated? Or do they need additional capabilities or scale that the current system is unable to provide, even if it's a newer system? Is there something else that's not working? What is the ultimate goal? All of these insights will help you ask the right questions of solution providers and better qualify the value of certain technology solutions as you go through the proposal review, demo and evaluation processes.

STEP 2 – UNDERSTAND THE BUSINESS CASE AND BUDGET

Subsequent to the above inquiry, it is important to understand how much your internal customers value a “best-in-class” solution versus a “best-price” bid. Are they comfortable going with the lowest priced solution if it meets minimum criteria, even if it has not been proven in the public sector? Or would they prefer a solution – and solution provider – with demonstrated government application success? This information will influence how you build your RFP, which you must customize when procuring any technology solution. (This goes back to the point I made about needing to embrace a more flexible procurement process.)

STEP 3 – SOLICIT ADDITIONAL STAKEHOLDERS ASAP

Your customer may not be the only stakeholder in this solicitation. Your state's CIO, CTO or even governor may need to have a say in the final contract award decision; at a minimum, they will likely be critical to securing budget approvals and finalizing the project's scope. Invite them – and others that will be party to the actual integration – to participate in vendor meet-and-greets and technology demonstrations. This includes technical/IT experts who will be involved in the execution of the solution you're buying, as well as end-users.

STEP 4 – DECIDE WHAT TYPE OF SOLICITATION IS BEST

Examine the pros and cons of using a formal RFP vs. co-op or other type of solicitation. If you opt to develop an RFP versus buying from a co-op, it is important that you tailor the RFP to ensure all requirements are satisfied, including your expectations for both the solution and the solutions provider from an implementation, service and support perspective. (Template RFPs are not recommended for emerging

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technologies given individualized requirements of each agency/government for each different system.)

STEP 5 - PLAN DILIGENTLY – AND PLAN FOR THE UNEXPECTED

Every successful digital transformation requires a well-defined strategy. And you must ensure that strategy is agreed upon by all parties, in writing, as part of the contract negotiations process. Be sure your contract terms establish a project management structure that will enable you to meet your goals and objectives for this particular IT initiative. (Again, what worked before may not work best now.) Make sure your contractor agrees with the detailed project plan and timeline outlined, and give them the opportunity to vocalize any concerns up-front. Something to keep in mind: If you utilize an agile procurement approach for emerging technologies versus a traditional waterfall method, it will be far easier to identify and mitigate potential deployment or performance issues before it's too late. You can adjust your implementation strategy or implement a fix in the next sprint – maybe a month from now – versus having to wait a year to address.

FINALLY...

Give your contract management specialists the tools they need to effectively manage the contractor and keep the customer happy. Whether you take an agile or waterfall approach to your IT procurements, you will experience lengthy solicitation and award processes and, often, even longer contract lifecycles. An eProcurement system will make it easy to implement contract modifications, execute options and manage administrative actions for these complex contracts. That is why you must ensure you have the right eProcurement system in place before your IT procurement demands intensify. With the right procurement technology tools, it will be easier to introduce more efficient and tailored procurement processes to facilitate government's digital transformation.

JEAN CLARK, FNIGP, CPPO, C.P.M., CPM is President of NIGP Code and Consulting Services at Periscope Holdings, Inc. She is an NIGP Past President and former State of Arizona Procurement Administrator.



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Top 10 Energy Buying Mistakes You Didn't Realize You Were Making (& How to Avoid Them)

MISTAKE NUMBER FOUR: NOT MEASURING YOUR RESULTS

By Bob Wooten

> **A**s Lewis Carroll, author of *Alice in Wonderland*, once said, “If you don’t know where you are going, any road will get you there.” This saying holds true when it comes to managing energy costs for your organization. In the spirit of helping you identify and overcome very common potential energy procurement errors, we offer this ten-installment guide. Our first three articles covered the mistakes of not procuring proactively, missing the most competitive rates, and developing an inappropriate procurement strategy for your specific needs.

This, our fourth discussion, will center on the importance of measuring your results. The most effective and direct way to manage energy costs comes in the form of sourcing and procuring energy so that you can negotiate the rate you pay – an exercise performed in markets where electricity and natural gas are deregulated. However, one of the key mistakes made in buying energy is not having a pre-determined goal of what you want to achieve.

THE MISTAKE: YOU AREN'T MEASURING THE RESULTS OF YOUR ENERGY PROCUREMENT

Before you can set any goals, and then measure your performance against these goals, you must have the data readily available with which to measure. The error that many procurement managers – yes, even seasoned professionals – make is failing to collect the

information that will help them compile the most accurate picture of their organizations' energy cost management, and then measuring those results.

WHY IT HAPPENS: YOU DIDN'T SET YOUR GOALS IN ADVANCE

Results must be measured to a pre-determined goal. Do you want to save 10% on your energy costs? That sounds good, but 10% compared to what?

If you don't first have a method to collect your data, you have little to compare with. That makes is difficult – if not impossible – to know what your goals should be. Because energy markets are extremely volatile (much more volatile than, say, the Dow Jones or the S&P 500), it becomes even more important that you understand what you are achieving, considering your prices for electricity and natural gas will move up and down over the life of your contract. This movement is in tune, to a certain extent, with the underlying wholesale energy markets.

HOW TO FIX IT: CONSIDER YOUR BEST BENCHMARK

For the purposes of measuring procurement results, you need to establish a method for tracking energy usage, spend, rate, and contract information. These data points will allow you to then measure changes in these elements with regards to meeting your goals.

Energy managers and facility departments often use data management systems to track energy usage. Such a data management system can range all the way from an unsophisticated spreadsheet to an elaborate corporate-wide software package. The type of system you use tends to correlate with what you are doing with the data. For organizations that monitor both energy costs and usage, a more detailed system will be beneficial.

FOLLOWING ARE SOME COMMON METHODS FOR APPLYING KEY BENCHMARKS FOR YOUR ENERGY PROCUREMENT GOALS:

COMPARING TO YOUR PREVIOUS CONTRACT

Comparing your new energy rate to your old energy rate is perhaps the simplest and most straightforward way to measure your performance. If your previous contract for natural gas was \$4/Dth, and your new contract is \$3/Dth, you have saved \$1/Dth. Tracking your energy usage will allow you to quantify the actual savings over the old contract. This method of measurement always looks best when energy markets are moving down. But what do you do when energy markets have moved up since you procured your last

contract? In these circumstances, it becomes more important to compare to other variables, such as your estimated budget or market prices themselves.

“If you don't know where you are going, any road will get you there.” This is true when it comes to managing energy costs.

COMPARING TO YOUR BUDGET

In some organizations, perhaps more important than a comparison to previous costs is a comparison to your budgeted cost. In order to create a budget line item for energy spend, you must understand what contracts are in place, what the energy usage is expected to be, and what rate you will pay for that energy over the next fiscal year. If you start by building your budget based on expectations, when you track actuals, you will see where there are deviations. At the end of the year, if you've exceeded your budget, you may find this was no fault of your energy procurement strategy. Rather, it may just be that you used more energy than you expected that year. Don't punish or blame the procurement – instead, focus on energy efficiency strategies that will keep your usage in check.

COMPARING TO THE MARKET

Measuring your new rates to previous rates and your budget are clear ways to determine success and potential savings; however, this does not take in to account the continual movement of energy markets for reasons completely out of control of your organization. You will invariably face situations where the market has risen and energy rates are higher than what you secured under your current contract. Comparing your new rate to your old rate may not make as much sense because you know that your new rate will be higher. To show how successful you are in your procurement efforts, knowing where the market price of that energy is during the term of your contract will allow you to see how you are performing. If you secure a fixed rate for electricity of 5 cents/kWh for a 24-month period, and market rates rise to 7 cents over the life of that contract, this comparison will show you that your procurement strategy saved you 2 cents/kWh.

CONCLUSION: KNOW WHERE YOU'RE GOING

We started this article with a quote from a famous English author. But now, let's rely on the words of the great American baseball legend and sage Yogi Berra: "If you don't know where you are going, you'll end up someplace else." As we discuss the top 10 energy buying mistakes, nothing could be worse than not knowing where you're going – or not even knowing whether you committed a mistake or not. Measuring the results of your energy procurement strategy is the essential first step in evaluating that strategy and then either confirming or adjusting the approach moving forward.

As you read through this series, if you do nothing

else, ensure that you have a mechanism in place that allows you to measure your performance against a pre-determined goal so that you know if you have arrived at the right location. If not, as Yogi foresaw, you will end up someplace else.

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What's on Your Agenda?

By Lisa Premo



> Successful people take their current limitation and put it on their agenda as a job to do, as a thing to figure out and make happen.” This quote by Brendan Burchard, an American author on motivation, high performance, and online marketing, has always stayed with me.

In March, Procurement Month promoted themes of empowerment and strategic value. Included in discussions was The Place of Public Procurement within the Entity, a global best practice, with its description of optimal procurement and strategies to achieve it. Colleagues shared stories of attaining the position of Chief Procurement Officer and realizing delegated authority in the millions. Why then are there procurement professionals who experience a reluctance, almost inability, to allow themselves to dream, to even imagine optimal procurement?

Certainly, there are obstacles hurling toward us.

Technology and artificial intelligence are inexorably taking over the role of buyer for the purchase of goods, complexity and the demand for new and more robust skills strain already overstretched Procurement staff. Add to that the view of many managers that Procurement is an obstacle to be circumvented.

Often, beginning with the goal frees up creativity and possibilities and the ability to dream. If we can imagine, without current constraints, the ideal scenario, we can then determine what it would take to get there and what that would look like. This process would continue until it connected to the present. As individuals, it's helpful to begin by acknowledging our own value, then viewing that value in the context of the entity's goals. Are we ordering street lamps or increasing safety and inviting economic vibrancy? If, however, it's impossible to set aside the current reality, where can a procurement

“A strategic plan should lay out goals and desired outcomes for the next three to five years and the strategies of how to achieve them.”

office begin? Envisioning optimal procurement begins with developing a mission statement, a declaration of who you are and what you do.

Many of us are understandably skeptical of mission, vision, values statements, and strategic plans. How often have we observed or participated as entities devoted months and longer to developing a mission statement, etc., through focus groups, surveys, and endless rounds of meetings? And what happens to the resulting documents? They are bound, distributed, and take their place as fixtures on the book shelf, more as bookends than as valued references and road maps.

Underneath all the process, however, there is merit to developing, sharing, integrating, and continually reviewing these documents. At its core, a mission states an entity's purpose; values provide the reason why the mission is worth pursuing; a vision describes the realization of the mission; and a strategic plan includes the entity's mission, vision, values and describes the means to achieve the entity's goals and desired outcomes. When adhered to, a strategic plan provides focus and direction.

MISSION

Every staff member should be familiar with the entity's mission statement. Knowing who you are and what you do focuses the work of the entity. The procurement office should develop its own mission statement, specific to the role and function of procurement, in alignment with the mission statement of the entity. This ensures that the efforts of the Procurement Office move the entity forward.

VISION

The best vision statements inspire us and can, literally, be seen. Take, for example, the famous vision orated by Dr. Martin Luther King, Jr. in his “I Have a Dream” speech. “I have a dream that one day...little black boys and black girls will be able to join hands with little white boys and white girls as sisters and brothers.” Like the mission statement, the Procurement Office should develop its own vision statement, one that aligns with that of the entity and helps achieve entity goals.

VALUES

Values are our “why” and underlie our actions. When our decisions and actions align with our values, we feel energized. Values emerge from our purpose and provide our grounding. When we act against our values, we may become tired, uncomfortable, or feel adrift. If transparency and accountability are established as our values, then we are not likely to be secretive or blame others when things go wrong. When we are aware of our values, we are better able to connect them to appropriate actions.

STRATEGIC PLAN

The mission, vision, and values should all be included in the strategic plan. They provide the foundation and compass for all decisions and actions. A strategic plan should lay out goals and desired outcomes for the next three to five years and the strategies to achieve them. Goals should be SMART, i.e., Specific, Measurable, Achievable, Relevant, and Time-bound. Strategies should be developed based on internal strengths and weaknesses and external opportunities and threats. If your mission is to provide fuel and a total eclipse is predicted (opportunity – more fuel needed; threat – congested highways), your strategy may be to order extra fuel and distribute it before the event to ensure adequate supply.

Today's Procurement Office is strategic and proactive. To focus its efforts, the Procurement Office should establish a mission, vision, values, and strategic plan that provide staff with certainty and consistency about what they are doing, why they are doing it, where they are headed, and how to get there. These documents should be referenced and updated regularly. Returning to our opening quote by Brendan Burchard, what's on your agenda to achieve your vision of optimal procurement?

LISA PREMO, NIGP Global Practices Manager, collaborates with public procurement practitioners and academics to conduct research and develop useful guidance on public procurement topics.


The Ins



& Outs of Financing Infrastructure

A procurement professional familiar with financing principles can help increase the odds of project success

By Fred Springer



Including the finance factor in a transaction may be new to many procurement professionals. In every transaction, of course, it is necessary to confirm that appropriation authority exists and that the price is within budget. Those fortunate enough to “pay as you go” have cash on hand, so the inquiry ends there. For some transactions, however, the parties must agree on the means and terms of financing.

In the public sector, the financing can take a variety of forms, including tax-exempt bank loans; tax-exempt bonds; taxable bonds or bank loan; leasing; or private equity investment. While the finance director may be primarily responsible for the financing part of the transaction, a procurement professional familiar with financing principles can help increase the odds of project success.

A basic finance distinction is between equity and debt. The government may have sufficient resources on hand for a project (its own equity), or it may convince a private party to invest equity. Private equity investment demands a higher rate of return (it is more expensive) than debt financing, because debt is more secure: it has a maturity date (it must be paid back), bears interest, and has a senior claim against project income and assets.

Financing is often necessary for transactions involving infrastructure, such as roads and bridges. The Model Procurement Code defines “infrastructure facility” as “a building; structure; or networks of buildings, structures, pipes, controls, and equipment that provide transportation, utilities, public education, or public safety services.” Fundamentally, these are capital assets; they are not consumed directly through operations. Moreover, they combine with other inputs (like labor) to produce socially useful services like power, clean water, irrigation, garbage disposal, communications, etc.

Infrastructure has many interesting economic characteristics, most of which place it in the highly consequential category of transactions. Chief among these is its high cost, which typically requires debt financing. Debt financing can take the form of a commercial bank loan, but American governments also have access to a well-developed bond market. Bonds are long-term debt. Federal tax policies have incentivized investors to participate in capital markets, providing government borrowers with access to funds required for public projects. The investors buy the bonds, and the government gets the money it needs for projects.

Government bonds take two basic forms. A “general obligation bond” is backed by a government’s “full faith and credit,” that is, its ad valorem taxing power (tax based on the value of something, e.g., property taxes). Investors

can compel the borrower to levy ad valorem taxes and to appropriate the funds necessary to pay the bonds. General obligation bonds are limited to certain purposes, and often require voter approval. A “revenue bond,” by contrast, is not backed by the borrower’s ad valorem taxing power. Instead, the government pledges specific sources of revenue to satisfy the obligation, for example, revenues derived from operation of the financed project, grants, fees and excise or other specified non-ad valorem taxes.

As one would expect, general obligation bonds can generate political resistance from “taxpayer rights” and other interest groups. Revenue bonds are most useful for projects that actually generate revenue (parking garages, toll roads, etc.), but can also play a role on other “social infrastructure” projects that typically do not charge user fees (public schools, hospitals, parks, etc.). The borrower can pledge revenues from some other source, like gas taxes or local sales taxes. Revenue bonds can take many forms, and governments often employ them for infrastructure projects.

“Tax increment financing” (or TIF bond) is a form of revenue bond financing that many governments can use. This method is often used for community redevelopment projects. To repay investors, the borrower pledges the “tax increment,” or the difference between the assessed value of properties before and after the redevelopment project. This is not a general obligation bond, because the investors cannot





unit. The local government enters into a lease agreement with a not for profit corporation (typically formed to deliver a project or program). To fund a project, the trustee sells interests in the lease agreement to outside investors. These outside investors hold a certificate representing the right to participate in the lease payments. That is, when the government makes the lease payment, the investors get a share of the payment. The lease is subject to appropriation each year by the governmental unit. The lease term coincides with the fiscal year of the issuer; absent an appropriation, the lease terminates. Again, this is not a general obligation bond, because investors cannot compel the government to appropriate funds to satisfy the obligation.

Cities and counties have the ability to issue bonds for infrastructure projects. They can do so for their own projects, or as a “conduit” on behalf of other borrowers. Sometimes other borrowers themselves have authority to issue bonds for some underlying social purpose, for example, industrial development authorities, housing finance authorities, or health facility authorities. In some circumstances, bond financing is available even if the proceeds fund a private party’s activities. These are all revenue bond financings, because the investors are typically paid solely from revenues derived from loan, lease or installment sale payments with the party using the bond proceeds.

Regardless of the type of bond, there are two basic methods of going to market. In a “private placement,” a financial institution purchases a single bond for the entire amount, and then holds it as security for the proceeds it lends in return. In a “public offering,” by contrast, an investment banking firm underwrites the bonds and then makes them available to prospective purchasers of the bonds (subsequent investors). To protect investors, public offerings require preparation and distribution of highly-regulated written materials.

Before issuing bonds, a government must ensure that doing so is consistent with its existing contracts. For example, outstanding bond documents may contain “parity” or “anti-dilution” provisions to protect earlier investors. Contracts may also restrict the use of revenues or require others’ consent for certain actions.

Infrastructure transactions involving financing may be infrequent, but they are highly consequential. The procurement official must cooperate effectively with others supporting the government, including legal advisers, financial advisers, and technical advisers. It helps to understand what the others are doing, and why. It is very gratifying when the transaction succeeds and enables the government to deliver a project that improves public life.

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compel the government to raise the ad valorem tax rate or to levy new taxes. Instead, the source of funds for repayment is limited to the additional tax revenue collected as a result of the increased value of property in the improved area.

Borrowers can also pledge “special assessments” as a source of revenue to back a bond. A special assessment is a charge imposed against property in a particular locality because that property receives a special benefit by virtue of some public improvement, separate and apart from the general benefit accruing to the public at large. The government must apportion the special assessment according to the value of the benefit received, rather than the cost of the improvement. The assessment may not exceed the value of the benefit or the cost of the improvement. This approach can generate political opposition from groups arguing that special assessments are “disguised taxes.”

“Certificates of participation” (or COPS) are another form of revenue-based financing. COPS represent an undivided interest in lease payments from a governmental

Remembering LaWann Terry

> Recently I was working on some key procurement initiatives that included sustainable product flagging and supplier rebates. Pretty important stuff, right? That's what I thought until I heard the news of LaWann Terry's passing. I then had to pause and reflect on the things that are truly important.

Terry was the events manager for our NIGP team in Herndon, Va., Over the years she held a number of roles that supported our membership, and most recently coordinated all of our training seminars throughout the country.

As the point of contact for both the local chapters and the NIGP instructor pool, she was instrumental in making sure a quality educational product was delivered every time.

Having interacted with Terry so many times over the years, I can only say that she was a joy to work with. She was a first class

“LaWann was an integral part of our NIGP family. She began as a temp and I was excited to add her to the events team, where she became my partner and friend.”



professional that treated all of us instructors with respect and humility. Oh yeah, she also made sure we got paid.

In 2004, NIGP made a very wise hire in Terry. For nearly 15 years she would tirelessly serve the public procurement community. Carrie Rawn, NIGP's director of events and program delivery, shares that “LaWann was an integral part of our NIGP family. She began as a temp and I was excited to add her to the events team, where she became my partner and friend.”

Rawn added, “She was extremely loyal and dedicated and will be sorely missed.”

Any of you that have attended the NIGP Annual Forum were likely greeted by Terry when you registered. She always had a friendly smile and also a way of making you feel like you were the most important thing she was working on. The best way I can describe this quality is to share a quote from Maya Angelou:

“People will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

The NIGP instructors, each of whom worked frequently with Terry, knew she would be out of the office for a while. I know that we were all looking forward to her return to work when we got the news.

On April 19, 2019, Terry passed away at her home surrounded by her beloved family. While she was a very private person, her dedication to her family and her faith was evident.

In honor of Terry and her service to our profession, I ask that you join me in making a financial donation in lieu of sending flowers. It will benefit her grandchildren that she so dearly loved. Checks can be sent to Carrie Rawn at NIGP (crawn@nigp.org).

Family matters.

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